

State of Washington  
**Department of Labor and Industries**  
**2006 Supplemental Decision Package**

<b>Decision Package Code/Title</b>	<b>8Y</b>	<b>Mandatory Caseload Adjustments (Crime Victim Reimbursement Rates to Providers)</b>
<b>Budget Period</b>	<b>2005-07</b>	<b>2006 Supplemental Budget</b>
<b>Budget Level</b>	<b>M2</b>	<b>Maintenance Level</b>

**Revised Oct 25, 2005**

**Recommendation Summary Text**

Additional funding is requested to restore reimbursement rate to a level comparable to other medical payers such as workers compensation. This will ensure the availability of providers willing to treat victims of crime.

**Fiscal Detail: (Your budget analyst will fill this in)**

	<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
<b>Staffing (B6):</b>			
02V-PSEA	0.0	0.0	0.0
<b>TOTAL FTEs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
	<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
<b>Operating Expenditures:</b>			
02V-PSEA	0	4,344,000	4,344,000
<b>TOTAL Expenditures</b>	<b>0</b>	<b>4,344,000</b>	<b>4,344,000</b>
	<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
<b>Revenue (B9):</b>			
02V-PSEA	0	0	0
<b>TOTAL Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Package Description:**

This request is based on letters received from 429 providers, and the results of an informal survey of Crime victims compensation program providers conducted in late September 2005. The letters received and the survey indicates that providers are not willing to treat victims of crimes because of CVCP's low reimbursement rates. An additional \$4,344,000 is needed to restore reimbursement from our current rate to rates comparable to Workers Compensation and other insurance or medical payers. This request assumes increasing the rates to 100% of the Workers Compensation fee schedule effective July 1, 2005.

## **Background**

The CVC program provides relief to injured victims of crime and their families while assisting in their recovery from the effects of violent crime. Assistance to victims includes payment for two areas. First, for physical injury and mental health trauma, loss of wages, awards for partial disabilities, pension, and burials. Statutes require CVC be a secondary payer of these benefits. Victims must first use available public or private insurance before receiving benefits. Second, the CVC program pays for emergency sexual assault forensic exams (SAFE), regardless of primary insurance or the filing of an application for benefits. These exams are used in gathering evidence for prosecution (RCW 7.68.170).

## **Problem**

The 2005-2007 Biennium began with a lowered rate of reimbursement to providers. As a result some providers have decided not to treat victims. This action by providers is creating an access issue for victims.

Effective September 1, 2004, L&I lowered the level of CVC medical payments to the level paid by DSHS/Medicaid for medical and mental health services. This move reduced fees to most providers an average of 40-48 percent. Probably due to the decrease in fees, the program is experiencing loss of access to some services, notably a decline in the number of mental health professionals willing to accept CVCP patients. This is especially troubling since mental health services are mandated by RCW for victims and their immediate family members as well as homicide victims family members.

CVCP has received letters from 429 mental health and other medical providers stating that they will no longer treat victims because of low fees. We do not know how many more providers have made the same decision because providers are not required to tell us. In late September 2005, an informal survey of CVCP providers was conducted to help determine to what degree the change in the CVC provider reimbursement rate structure (effective September 1, 2004) impacted CVC recipients access to medical and mental health care services.

The data collected from the provider survey implies that of the medical providers receiving reimbursement payments from CVCP in Fiscal Year 2004 only 70 percent of physicians, 22 percent of mental health providers and 36 percent of dentists are currently willing to treat CVC recipients. This implies that CVC recipients will face a significant challenge when seeking mental health and dental care. As those CVC claimants "shift" away from those providers no longer willing to treat them, they will likely increase the burden on others providers (e.g. Willing providers will have their number of CVC recipients increase, effectively placing a higher burden on their financial bottom line.) Over time, it is highly likely that this pressure will lead many more providers to cease taking CVC recipients as patients.

The survey results show that if L&I were to increase its fee schedule to 100 percent of the Workers Compensation fee schedule that access would be restored to what it was prior to the September 1, 2004 reimbursement reduction. Please refer to the attachment for the complete survey report.

## **Proposed Solution:**

An increase of \$4.344,000 in the PSEA state appropriation is requested so that medical and mental health service payments to providers can continue at a fee structure of 100 percent of the workers compensation medical reimbursement payments. Without this increase more providers will stop treating crime victims, placing increased demands on the remaining providers, and creating more access issues for victims.

As more providers cease to treat victims, some may be forced to pay for treatment out of pocket. This is contrary to the law which requires the CVCP to provide reimbursement for medical expenses to qualified victims of crime. Without the resources to pay for necessary medical expenses, many victims may choose to not seek medical treatment. This often results in the victim waiting until the condition becomes acute forcing a visit to a hospital emergency room for their care. Emergency room services are covered by the CVCP but they are the most costly of the medical treatment options. Other victims may choose to travel out of their geographic location in order to receive the treatment they need. If this happens, CVC will not only pay for the services but also to reimburse the victim for their travel costs.

## **Narrative Justification and Impact Statement**

This decision package contributes to L&I 's goal to improve service delivery to crime victims. It supports the Priority of Government Result #8: Improve the safety of people and property, Result #4: Improve the health of Washington citizens, and Result #5: improve the security of Washington's vulnerable children and adults.

## **Performance Measure Detail:**

### **Goal(s) to which this change is tied:**

The goal of the Crime Victims' Compensation Program is to provide services to reduce the impact of violent crime to eligible crime victims.

<b>Performance Measure Changes:</b>	<b>Incremental Changes</b>	
	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>

Outcome Measures:

Output Measures:

Efficiency Measures:

**Statement of Expected Results:**

The requested funding will allow the Crime Victims Program to provide services to crime victims at -percent of worker compensation level. The program provides crime victim benefits to over 11,000 victims annually who are eligible to receive medical care, counseling, time-loss payments, limited disability benefits, funeral assistance and emergency forensic examinations for sexual assault.

Lack of increased funding will impact victim's ability to access provider services. The performance of the Crime Victims' Compensation Program activity is measured by:

- Adjudicating crime victim claims within 50 days – approx. 7,000 claims received annually
- Paying crime victim provider bills within 50 days – approx. 70,000 bills received annually
- Paying for all sexual assault forensic exams – approx. 4000 received annually

**Reason for change**

Because of the fee reduction put in place September 1, 2004, a good number of providers are no longer willing to treat victims. This loss of providers creates access issues which reduces the numbers of victims receiving treatment.

**Impact of the change on clients and services**

If funding is approved, CVC will be able to increase its reimbursement rate which in turn will ensure access for victims to qualified providers.

**Other impacted programs/divisions/regions**

None.

**Relationship to capital budget**

None.

**Required changes to existing RCW, WAC, contract or plan**

None.

### **Alternatives explored by agency**

The agency explored the following other alternatives:

- Prioritizing payments for types of benefits (i.e., medical versus compensable). This option was rejected because the agency's legal authority to prioritize types of benefits is not clear. It appears that the agency will need legislative authority for this option
- Continue to pay providers at current rate and run the risk of perpetuating the access issue. This option was rejected because it puts crime victims at considerable risk and is not supported by program stakeholders and victim advocacy groups
- Identify optional services and stop payments on those. Since the benefit flow to eligible victims is tied to worker compensation (Title 51), there are no optional service that can be attributable to crime victims.

### **Budget impacts in future biennia**

The program updates the forecast of benefit expenditures at least once each year. If the trends for claim filing and the demand for claim services continue at the current rate, increase appropriation will be necessary in future biennia for program maintenance.

### **Distinction between one-time and on-going costs**

All costs are assumed to be on going.

### **Effects of non-funding**

If fees are not increased, more providers will opt out of treating victims which increases access issues for victims. This will especially be troublesome for victims needing mental health care. This may result in victims not fully recovering from the effects of the crime and not going back to being productive members of society.

### **Expenditure Calculations and Assumptions**

The incremental cost to raise the fee schedule for mental health, dental and all other medical treatments and services (except hospital inpatient services and burial) was calculated using the the October 2005 midrange forecast as the base. The all other medical treatment category includes doctor office visits and outpatient services from a hospital. The detailed calculations are available upon request.

At 100 percent of the L&I Workers Compensation rates the estimated costs effective on July 1, 2005 will be:

Mental Health	\$611,000
Dental	381,000
Other	<u>3,352,000</u>
Total request	\$4,344,000

	FY 2006	FY 2007	TOTAL Biennium	Biennium 2007-2009	Biennium 2009-2011
<b>FTEs</b>	0.0	0.0	<b>0.0</b>	0.0	0.0
<b>Objects of Expenditure:</b>					
A - Salary and Wages	0	0	<b>0</b>	0	0
B - Employee Benefits	0	0	<b>0</b>	0	0
C - Personal Service Contracts	0	0	<b>0</b>	0	0
E - Goods and Services	0	4,344,000	<b>4,344,000</b>	4,344,000	4,344,000
G - Travel	0	0	<b>0</b>	0	0
J - Capital Outlays	0	0	<b>0</b>	0	0
<b>TOTAL Expenditures</b>	<b>0</b>	<b>4,344,000</b>	<b>4,344,000</b>	<b>4,344,000</b>	<b>4,344,000</b>
<b>Funds:</b>					
001-General Fund	0	0	<b>0</b>	0	0
02V-PSEA	0	4,344,000	<b>4,344,000</b>	4,344,000	4,344,000
095 Electrical	0	0	<b>0</b>	0	0
608 Accident Account	0	0	<b>0</b>	0	0
609 Medical Aid Account	0	0	<b>0</b>	0	0
Other (specify fund code)	0	0	<b>0</b>	0	0
<b>TOTAL Funds</b>	<b>0</b>	<b>4,344,000</b>	<b>4,344,000</b>	<b>4,344,000</b>	<b>4,344,000</b>